Amendments to the claims:

Cancel claims 15-35.

1.-12. (Canceled)

1	13. (Original) A method of making a read head that has an air bearing surface
2	(ABS) comprising the steps of:
· 3	forming a ferromagnetic first shield layer;
4	forming an antiferromagnetic pinning layer on the first shield layer;
5	forming a ferromagnetic pinned layer on and exchange coupled to the pinning layer so that
6	the pinning layer pins a magnetic moment of the pinned layer;
7	forming a nonmagnetic spacer layer on the pinned layer;
8	forming a first portion of a free layer on the spacer layer;
9	forming a nonmagnetic cap layer on the first portion of the free layer;
10	forming a mask on the cap layer with a width that defines a track width of the read head;
11	milling away exposed portions of the cap layer, a portion of the free layer, spacer layer and
12	pinned layer and backfilling with an electrically nonconductive antiferromagnetic material to form
13	first and second antiferromagnetic (AFM) layers interfacing first and second side surfaces of
14	remaining portions of the cap layer, a portion of the free layer, spacer layer and pinned layer;
15	removing the mask;
16	removing a remaining portion of the cap layer down to a remaining first portion of the free
17	layer;
18	forming a second portion of a free layer on the remaining first portion of the free layer and
19	on each of the first and second AFM layers; and
20	forming a ferromagnetic second shield layer on the second portion of the free layer.

1 14. (Original) A method of making a read head as claimed in claim 13 wherein 2 the first and second AFM layers are formed of nickel oxide.

15.- 35. (Canceled)

Add new claim 36.

1 2

3

4

5

6

7

·8 9

10

11

12

13

14

15

16 17

18

19

20

2122

23

24

25

26

36. (New) A method of making a magnetic head assembly comprising the steps of: making a read head including the steps of:

forming a ferromagnetic first shield layer;

forming an antiferromagnetic pinning layer on the first shield layer;

forming a ferromagnetic pinned layer on and exchange coupled to the pinning layer so that the pinning layer pins a magnetic moment of the pinned layer;

forming a nonmagnetic spacer layer on the pinned layer;

forming a first portion of a free layer on the spacer layer;

forming a nonmagnetic cap layer on the first portion of the free layer;

forming a mask on the cap layer with a width that defines a track width of the read head;

milling away exposed portions of the cap layer, a portion of the free layer, spacer layer and pinned layer and backfilling with an electrically nonconductive antiferromagnetic material to form first and second antiferromagnetic (AFM) layers interfacing first and second side surfaces of remaining portions of the cap layer, a portion of the free layer, spacer layer and pinned layer;

removing the mask;

removing a remaining portion of the cap layer down to a remaining first portion of the free layer;

forming a second portion of a free layer on the remaining first portion of the free layer and on each of the first and second AFM layers; and

forming a ferromagnetic second shield layer on the second portion of the free layer; making a write head including the steps of:

forming ferromagnetic first and second pole piece layers that have a yoke portion between a pole tip portion and a back gap portion wherein the second pole piece layer comprises said second shield layer;

27	forming a nonmagnetic write gap layer between the pole tip portions of the first and
28	second pole piece layers;
29	forming an insulation stack with at least one coil layer embedded therein between the
30	yoke portions of the first and second pole piece layers; and
31	connecting the first and second pole piece layers at their back gap portions.